



IT'S ALL

GOOD

INSIDE!

2021 ANNUAL REPORT



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MISSION AND *Core Values*

To offer the widest variety of goods at competitive prices, in a pleasant atmosphere with easy parking and above all, warm, friendly and efficient service. Our main business is satisfying customers.

Fontana's secret to success is our team of the most dedicated employees in the country.

By emphasizing communication, respect and teamwork, we strive to create a virtuous cycle:

happy employees = happy customers

happy customers = happy directors

happy directors = happy managers

happy managers = happy employees

We continue to adhere to the fundamental principles instilled by our founders Bobby and Angela Chang: ***service, respect, family and community.***

Fontana Pharmacy:

It's ALL Good Inside!

NOTICE OF *Annual General Meeting*

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting of **FONTANA LIMITED** will be held at **Grand-A-View Restaurant and Event Place, 7 Queens Drive, Montego Bay, St. James** on **Wednesday January 19, 2022** at **11:00 a.m** for the purpose of transacting the following business:

1. To receive the Audited Accounts for the year ended June 30, 2021 together with the reports of the Directors and Auditors thereon,

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 1

“THAT the Audited Accounts for the year ended June 30, 2021, together with the reports of the Directors and Auditors thereon, be and are hereby adopted.”

2. To elect Directors.

- (i) In accordance with Regulation 102 of the Company’s Articles of Incorporation, the Directors retiring by rotation are Kevin O’Brien Chang, Jacqueline Sharp and Heather Goldson, who being eligible offer themselves for re-election.

The Company is being asked to consider, and if thought fit, pass the following resolutions:

Resolution No. 2

“THAT Kevin O’Brien Chang, who is retiring by rotation in accordance with Regulation 97 of the Articles of Incorporation be and is hereby re-elected as a Director of the Company.”

Resolution No. 3

“THAT Jacqueline Sharp, who is retiring by rotation in accordance with Regulation 97 of the Articles of Incorporation be and is hereby re-elected as a Director of the Company.”

Resolution No. 4

“THAT Heather Goldson, who is retiring by rotation in accordance with Regulation 97 of the Articles of Incorporation be and is hereby re-elected as a Director of the Company.”

3. To ratify interim dividends

The Company is asked to consider, and if thought fit, to pass the following resolution:

Resolution No. 5

That the interim dividend of 8 cents per share paid on June 28, 2021 be and is hereby ratified.

4. To approve the Remuneration of the Directors.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 6

“THAT the amount shown in the Audited Accounts of the Company for the year ended June 30, 2021 as fees of the Directors for their services as Directors, be and are hereby approved.”

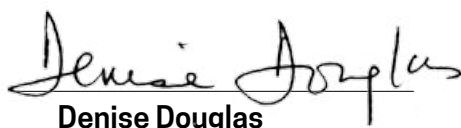
5. To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 7

“**THAT** the remuneration of the Auditors, CrichtonMullings & Associates, who have signified their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors.”

By Order of the Board



Denise Douglas
Company Secretary
October 5, 2021

Registered Office
Manchester Shopping Centre
Mandeville, Manchester

NOTE:

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy is enclosed. Forms of Proxy must be lodged with the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston not less than 48 hours before the time of the meeting.
2. A Corporate shareholder may (instead of appointing a proxy) appoint a representative in accordance with Regulation 70 of the Company's Articles of Incorporation. A copy of Regulation 70 is set out on the enclosed detachable proxy form.



Now
available



CHAIRMAN'S *Message*

Coronavirus has changed the world in a manner not seen since World War Two. Almost two years on the weary planet wonders if life will ever return to what it was before March 2020.


Modern medicine seemed to have done its part by providing covid vaccinations that work very well in preventing hospitalization and death. But the logically inexplicable phenomenon of covid vaccination rejection has created mass confusion and threatens the nascent post-pandemic recovery. Sadly, nowhere has seen greater 'anti-vaxxer' sentiments than Jamaica, which lags almost every country in the region in percent of adults vaccinated.

The impact of the covid pandemic has been especially deleterious for countries like Jamaica that are dependent on Tourism and its related industries. Against this backdrop, **Fontana** has emerged as a stronger organization, successfully weathering one of its most challenging periods in our 52-year history. Through strategic planning, careful execution and considered foresight, we believe we have performed well and are pleased with our results for the most recent fiscal year.

Revenues for the past year were up \$5.2 billion, a 14.2% increase over the \$4.5 billion of the previous year. The past 12 months have been challenging for the entire country and business sector, but in every quarter Fontana's sales growth outpaced that of the overall Jamaican retail sector.

The chart and table below show Fontana's sales growth per quarter compared with the PIOJ growth estimate for Wholesale & Retail Trade; Repair and Installation of Machinery.

FONTANA VS JAMAICA RETAIL GROWTH JULY 2020 – JUNE 2021

	JAMAICA RETAIL GROWTH%	FONTANA REVENUE GROWTH%
JUL - SEP 20	(8.1)	20.9
OCT - DEC 20	(8.8)	10.3
JAN - MAR 21	(5.1)	4.2
APR - JUN 21	13.2	25.2

Gross profit was \$1.9 billion, or 14% higher than the \$1.7 billion recorded in the prior year, and gross margins moved to 37.8% from 37.7%. Operating profit grew by 63% to \$648m, as we were able to keep our operating expenses flat while revenues grew. As a result of these cost-containment measures, profit before tax grew by 105.2%, moving from \$264 million to \$541 million. Deferred taxation movements resulted in a net profit attributable to shareholders of \$512 million, an increase of 85.3% over the \$277 million earned in the previous year.

Cash flow has almost doubled, and cash balances continue to grow as we see improvements in revenues from all stores. Shareholder equity grew by \$312.4 million, an increase of 21% over last year, and Fontana has been able to make two dividend payments in the past year.

Net Assets increased by 10% mainly due to the ramping up of the inventories as we prepared for the logistic and supply chain challenges in foreign goods procurement. As goods become more and more scarce worldwide, shipping and other costs continue to soar. Fontana's proactive and preemptive moves to increase inventory will put the company in a position of strength for the coming year. As the current retail mantra goes - who has stock is king!

One direct impact of covid-19 on our operations is that we were again forced to postpone the revamping of our current Point of Sale and Accounting Systems. Both

are over a decade old, and the planned upgrade to a modern state-of-the-art integrated system will create significant improvements in both customer service and back-office efficiency. Originally scheduled for April 2020, pandemic realities meant changing logistics, and the planned implementation for 2021 has also been negatively impacted by continuing Covid complications particularly in the travel industry.

Overall, it was Fontana's most successful year to date. We are very pleased to have achieved the \$5 billion revenue mark for the first time and to have paid out \$200 million in dividends to shareholders. Additionally, we were able to maintain our strong commitment to impact the communities in which we operate as well as communities across the island.

In closing, we would like to thank the entire Fontana team. Thank you for your continued commitment, tenacity, and focus as you effectively managed each challenge. The continued growth in our customer base is evidence of your dedication to serving – it is truly inspiring. We thank our customers for their unwavering support, constructive feedback, and confidence in brand **Fontana**. Indeed, such feedback is crucial to our continued success as we improve to meet your needs and maintain an efficient business, thank you for being a part of the **Fontana** Family. Finally, to our shareholders, we thank you for your trust and support as we continue to effectively guide our Company through this novel environment.

Fontana Pharmacy:
It's ALL Good Inside!


Kevin O'Brien Chang,
Director | Chairman


Anne Chang,
Director | CEO

DIRECTOR'S *Report*

FINANCIAL RESULTS

The Directors' are pleased to present his report for the financial year ended June 30, 2021.

	\$
Profit before taxation	541,381,467
Taxation (credit)/charge	29,054,189
Net profit for the year	512,327,278
Earnings per share	0.41

DIVIDENDS

The Directors recommended that the interim dividends of 8 cents paid on June 28, 2021 be ratified by the shareholders in general meeting.

THE BOARD

The Directors as at June 30, 2021 were as follows:

Bobby Chang	Raymond Therrien
Kevin O'Brien Chang	Jacqueline Sharp
Anne Chang	Heather Goldson

In accordance with Regulation 97 of the Company's Articles of Incorporation, the Directors retiring by rotation are Kevin O'Brien Chang, Jacqueline Sharp and Heather Goldson, who being eligible for re-election, offer themselves for re-election.

AUDITORS

CrichtonMullings & Associates, the retiring Auditors, has indicated their willingness to continue in office and their re-appointment will be proposed at the forthcoming Annual General Meeting.

The Directors wish to place on record their appreciation for and recognition of the dedicated efforts and hard work of the management and staff during the year.

By Order of the Board



Raymond Therrien,

Executive Director/
Chief Operating Officer



BOARD OF *Directors' & Profile*



BOBBY CHANG,
CHAIRMAN EMERITUS

Shinque (Bobby) Chang is the co-founder of **Fontana Pharmacy**. He has a wealth of knowledge and over 50 years of success in Retail. After 10 years of operating a supermarket in Christiana, Bobby and his late wife, Angela started **Fontana Pharmacy** in November 1968 at Manchester Shopping Centre. From the start they stressed the importance of always putting the customer first, empowering employees and having a personal relationship with key staff members.

This approach contributed to **Fontana's** success. Bobby remains a well-informed "*éminence grise*" whose calm counsel and past experience provide him with the knowledge to continue to guide key strategic decisions.



KEVIN O'BRIEN CHANG,
EXECUTIVE DIRECTOR
CHAIRMAN

Kevin O'Brien Chang is the Chairman of the Company. On his return home from Canada in 1989 he oversaw the growth of the original **Fontana** location in Mandeville, which became the then largest pharmacy in Jamaica. Kevin also spearheaded the opening of Fontana Montego Bay in 1994 and **Fontana's** transformation from a local to a national business.

Kevin holds a BSc in Statistics and an MBA from the University of Toronto. Before returning to Jamaica, he was Marketing Systems Manager at Mastercraft Group Development in Toronto and Ottawa Canada, where he transformed their customer marketing presentation systems. He has written two books on Jamaica - '*Reggae Routes: the Story of Jamaican Music*' and '*Jamaica Fi Real: Beauty Vibes and Culture*'. He has written columns for the Jamaica Observer and the Jamaica Gleaner since 1998.



ANNE CHANG,
EXECUTIVE DIRECTOR,
CHIEF EXECUTIVE OFFICER

Anne Chang is the Chief Executive Officer and has been a director of the Company for the past 20 years. She has oversight of local and foreign purchasing, supplier relations and marketing.

Anne has also been integral in establishing **Fontana's** social media footprint in Jamaica as well the Customer Reward Programme that now boasts over 120,000 members and confirms **Fontana** as the premier Jamaican beauty destination for women of all ages.

Prior to joining **Fontana**, Anne was a senior executive at Bell Canada Inc, Canada's largest telecommunications company for 10 years holding several key positions in Operator Services, Bell retail centres, Finance and Consumer Marketing. Anne holds an Honors Bachelor of Commerce degree with a major in marketing from McMaster University.



JACQUELINE SHARP,
INDEPENDENT NON-EXECUTIVE
DIRECTOR & CHAIRMAN OF THE
AUDIT AND COMPLIANCE AND
COMPENSATION COMMITTEES

Jacqueline (Jackie) Sharp is a director of her family's business, Coffee Traders Limited. She has over 26 years of experience in the financial services industry in Jamaica, of which 20 years were spent with the Scotia Group. Jackie has led different divisions at Scotia, and her final role was Chief Executive, where she led the profitable growth of the operations in Jamaica, with oversight of 4 other countries in the Caribbean.

Jackie is also Vice-President of the Private Sector Organization of Jamaica and sits on the Board of Coffee Traders Limited, Clifton Mount Coffee Estate Limited, CAPRI, and Grace Kennedy Foods. Jackie holds a BSc. degree with honours in Accounting from UWI, is a CFA Charter Holder and has successfully completed the CPA examinations. She has also completed Executive Education programmes at Richard Ivey Business School in Canada and Duke University, USA.



RAYMOND THERRIEN,
EXECUTIVE DIRECTOR,
CHIEF OPERATING OFFICER

Raymond (Ray) Therrien is the Chief Operating Officer of the Company and has been a Director of **Fontana Limited** for the past 20 years. Ray oversees all aspects of Finance for the organization. His main responsibilities are overseeing the day to day operations of the organization with key areas of focus being the pharmacy department and logistics for all overseas purchasing. He has been instrumental in the expansion of the **Fontana** brand in Montego Bay, Sav La Mar, Ocho Rios and Kingston. Prior to joining **Fontana**, Ray held senior sales and marketing roles for some of Canada's largest pharmaceutical companies including Sanofi Aventis and Roche.

Mr. Therrien holds a BSc in Mathematics from McMaster University, Hamilton, Canada.



HEATHER GOLDSON,
INDEPENDENT
NON-EXECUTIVE DIRECTOR

Heather Goldson is the Deputy CEO of Supreme Ventures Services Limited, a subsidiary of Supreme Ventures Limited and the Group Chief Marketing Officer for the Supreme Ventures Group. Prior to this role, she held the position of Regional Marketing Director for Scotiabank's English and Spanish operations across 19 countries in the Caribbean, having held several leadership positions in the company over her 12 years with the bank. Heather led the transition of the Caribbean's marketing tactics from Scotiabank's Toronto head office to the Jamaican operations under her leadership. Before joining Scotiabank she held senior marketing positions with the Digicel Group as Head of Marketing for Jamaica and supporting roll out operations in St. Lucia and Barbados.

Heather currently sits on the Boards of M'Kayla Financial Service Ltd, Key Insurance Ltd, and Chain of Hope Jamaica Ltd. She has given of her time to several not for profit entities including the board of the Digicel Foundation, the Scotiabank Foundation, GC Foster College and has headed the Marketing and PR Committee of the Jamaica Football Foundation Board. Heather is currently a Director of the Supreme Ventures Foundation and operates in the capacity of Executive Director. Heather holds a Bachelors degree in Business Administration from Florida International University.

SENIOR *Management Team*



RUTHLYN SHERWOOD
STORE MANAGER
BARBICAN



CAULEEN 'PAT' FORBES
STORE MANAGER
BARBICAN



LEONIE HARVEY
STORE MANAGER
MONTEGO BAY



RAEMONIA CLARKE-WILLIE
STORE MANAGER
SAV LA MAR



FAYE PLUNKETT
STORE MANAGER
MANDEVILLE

GEORGIA BONNER
HUMAN RESOURCE
MANAGER

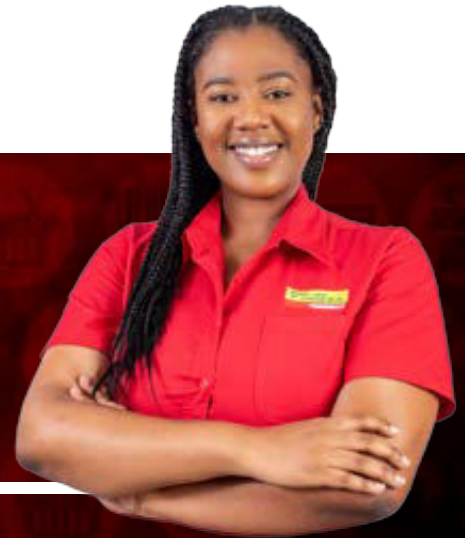
CAULETTE MORNAN
STORE MANAGER
WATERLOO

JUDALE SMITH
CHIEF FINANCIAL OFFICER

ALANAH JONES
SPECIAL PROJECTS
MANAGER



ANDRE GAYLE
IT MANAGER



DAINA DYER
BEAUTY MANAGER



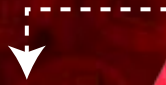
NICOLE WATSON-CHANG
STORE MANAGER
MANDEVILLE



JANICE KERR
STORE MANAGER
OCHO RIOS



DAMIAN ROBINSON
INVENTORY MANAGER



STEPHANIE SMITH
MARKETING MANAGER



MONICA MCDOWELL
PHARMACY MANAGER



DENISE DOUGLAS
COMPANY SECRETARY



LIST OF TOP TEN (10) *Largest Shareholders* AS AT JUNE 30, 2021

SHAREHOLDER	UNITS
1. Burbank Holding Limited	989,172,831
2. Sagicor Select Fund Limited - ("Class C' Shares") Manufacturing & Distribution	10,028,143
3. St. Elizabeth International Limited	9,230,953
4. JCSD Trustee Services Limited A/C#76579-02	8,000,076
5. Jacqueline Sharp/Jason Sharp	7,094,000
6. QWI Investments Limited	5,362,040
7. St.Elizabeth Holdings Limited	5,319,000
8. Victory Island Limited	5,319,000
9. SJIML A/C 3119	5,210,875
10. Fontana Employee Share Trust	4,676,124

SHAREHOLDERS OF DIRECTORS AND CONNECTED PARTIES AS AT JUNE 30, 2021

DIRECTOR	SHAREHOLDINGS	CONNECTED PARTIES	SHAREHOLDINGS
Raymond Therrien	-----	Burbank Holdings Limited	989,172,831
Kevin O'Brien Chang	-----	Burbank Holdings Limited Nicole Watson-Chang	989,172,831 2,201,799
Shinque (Bobby) Chang	-----	Burbank Holdings Limited	989,172,831
Anne Chang	-----	Burbank Holdings Limited	989,172,831
Jacqueline Sharp	7,094,000	Jason Sharpe (Joint Holder)	
Heather Goldson	2,070,000	David L. Goldson (Joint Holder)	989,172,831

SHAREHOLDERS OF OFFICERS AND CONNECTED PARTIES AS AT JUNE 30, 2021

Denise Douglas	25,352	Ryan McCalla (Joint Holder)	
Judale Samuels-Smith	504,923		

Fontana
PHARMACY

SHOP ONLINE

@FONTANAPHARMACY.COM



or
WhatsApp Us! Your prescription to

FREE delivery for purchases over US \$50.

WATERLOO
876-351-5335

BARBICAN
876-862-7084

MANDEVILLE
876-451-8655

OCHO RIOS
876-878-4768

MONTEGO BAY
876-550-7511

SAV
876-372-6069

CORPORATE *Governance*

BOARD OF DIRECTORS

The Board of Directors of FONTANA LIMITED is responsible for the effective governance of the Company.

They recognize that a sound corporate governance policy contributes to the creation of shareholder value and preserves confidence in the Company. Their main responsibility is to oversee the Corporate Affairs on behalf of the shareholders and to act as advisors to our management team in setting vision and strategy.

As of June 30, 2021, the Board of Directors is comprised of 1 Chairman Emeritus, 3 Executive Directors and 2 Independent Directors. The definitions of these directors are:

- Chairman Emeritus is a member of the board of directors who is engaged in volunteer or advocacy activities in his service on the board.
- An independent director is a member of the board of directors who does not engage in the day to day management but may be involved in policymaking and planning exercises. They do not relate nor have any pecuniary relationship with the company, senior management or affiliate companies. The independent director does not own more than 3% of the voting shares of the company.
- An executive director is a member of the board of directors who is heavily involved in the day to day management of the company.

The Board and its Committees -

BOARD OF DIRECTORS

Bobby Chang – Chairman Emeritus

Raymond Therrien

Kevin O'Brien Chang - Chairman

Jacqueline Sharp

Anne Chang

Heather Goldson

We are pleased to advise that our board members are qualified, objective and committed. They possess certain key characteristics such as professionalism, integrity and strong leadership skills in their respective fields. The names of the directors and their qualifications are set out in the Directors' Profile section of this report.

BOARD COMMITTEES

The Audit and Compliance Committee's main responsibilities are to monitor the integrity of the financial statements of the company; to review the internal financial controls; to monitor and review the effectiveness of the internal audit function and to review and monitor the external auditor's independence, objectivity and effectiveness of the audit process. The Audit Committee also met two (2) times during the financial year.

The Chairman of the Audit and Compliance Committee is Mrs. Jacqueline Sharp and she joined the Board on December 4, 2018.

The Audit and Compliance Committee consists of 3 directors:

Jacqueline Sharp - Independent
Non-Executive Chairman

Heather Goldson - Independent Non-Executive

Director Raymond Therrien - Executive Director COO

The Compensation Committee's main responsibilities are to decide (subject to Board approval) the remuneration of Executive Directors; to monitor and review a Performance Management Scheme and to review the organizational structure and its salary ranges for all staff.

The Chairman of the Compensation Committee is Mrs. Jacqueline Sharp and she joined the Board on December 4, 2018.


The Compensation Committee consists of 3 directors:

Jacqueline Sharp - Independent
Non-Executive Chairman

Heather Goldson - Independent Non-Executive

Anne Chang - Executive Director / CEO

The attendance of the Board of Directors' and the Members of the Committees at meetings for the 2021 financial year is reflected in the Table below:

 It's All GOOD Inside!	ANNUAL GENERAL MEETING	BOARD DIRECTORS' MEETING	AUDIT COMMITTEE MEETING	COMPENSATION COMMITTEE MEETING
Number of meetings for the year	1	6	4	1
Bobby Chang	-	-	-	-
Kevin O'Brien Chang	1	6	-	-
Anne Chang	1	6	-	1
Raymond Therrien	1	6	4	-
Jacqueline Sharp	1	6	4	1
Heather Goldson	1	6	4	1

Travel Expense Reimbursement

All Directors will be reimbursed for reasonable travel expenses in connect with attendance at meetings of the Company's Board of Directors and its Committees

Annual General Meetings

General meetings with shareholders are held annually and the meeting is structured to allow shareholders to give their input and have their queries answered.

Articles of Incorporation

The Company's Articles of Incorporation was amended during the period under review.

The Corporate Governance Guidelines are available on the company's website at www.fontanapharmacy.com

MANAGEMENT DISCUSSION & Analysis

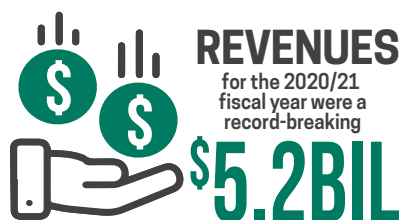
The year under review 2020/21 was historic and challenging, and one that the Fontana team successfully navigated and generated the best financial result in our 52-year history.

We began the year with a positive outlook, fueled by our commitment to remain resilient, adaptable and hopeful for the future. As the year progressed, the impact of the worst global pandemic in over a century had deepened, especially in countries like Jamaica that depend on tourism and its related industries. Through strategic planning and careful execution, we performed well and are proud of the results achieved as shown in our audited financial statements for the year ended June 30, 2021. We are grateful to our exceptional, committed team, who continue to outperform expectations in these trying times.

2020 PERFORMANCE OVERVIEW

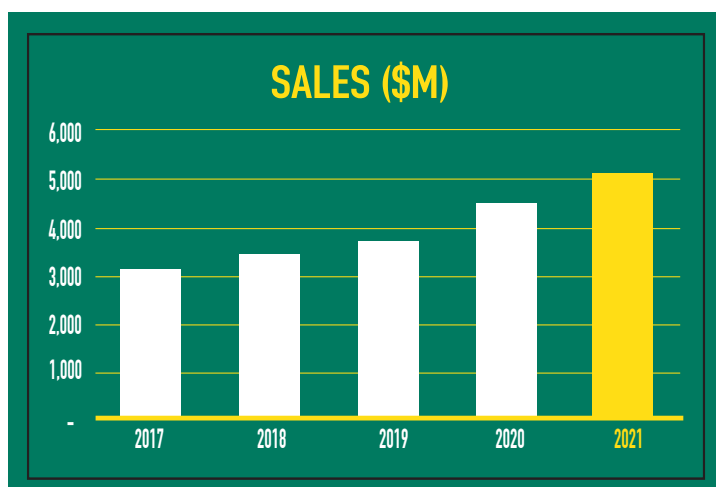
Revenue	J\$5.2B	↑ 14%
PBT	J\$541.4M	↑ 105%
NET Profit	J\$512.3M	↑ 85%
Assets	J\$3.5B	↑ 10%
Market Capitalization	J\$7.5B	J\$6.65B in 2020

REVENUES AND GROSS PROFIT



Revenues for the year were a record breaking \$5.2 billion, a 14.2% increase over the previous year. The

Waterloo store continues to play a major role in revenue generation and has taken its place among those at the top of the leaderboard, the perfect addition to the Fontana network. The three top stores (Fairview, Barbican and Waterloo) combined accounted for 70.5% of our total revenue.



Cost of goods sold as a percentage of sales was stable at 62% for this financial year. This was achieved by consistent efforts to maintain purchasing efficiencies as well as expanding our range of higher-margin products. This resulted in a 15% increase in gross profits over the prior year.

OPERATING EXPENSES

Our implementation of strategic cost saving measures as a response to the pandemic have paid off as we have been able to keep our operating expenses contained at \$1.3 billion, the same as prior year yielding an expense to sales ratio of 25% compared to 29% in the prior year.

While our rigid compliance to Covid-19 guidelines impacted our spend in certain areas i.e., cleaning and sanitization, we adjusted our spending mindset to capitalize on every opportunity to contain costs. With the addition of the Waterloo store, we benefitted from economies of scale especially in our purchasing, marketing and advertising activities.

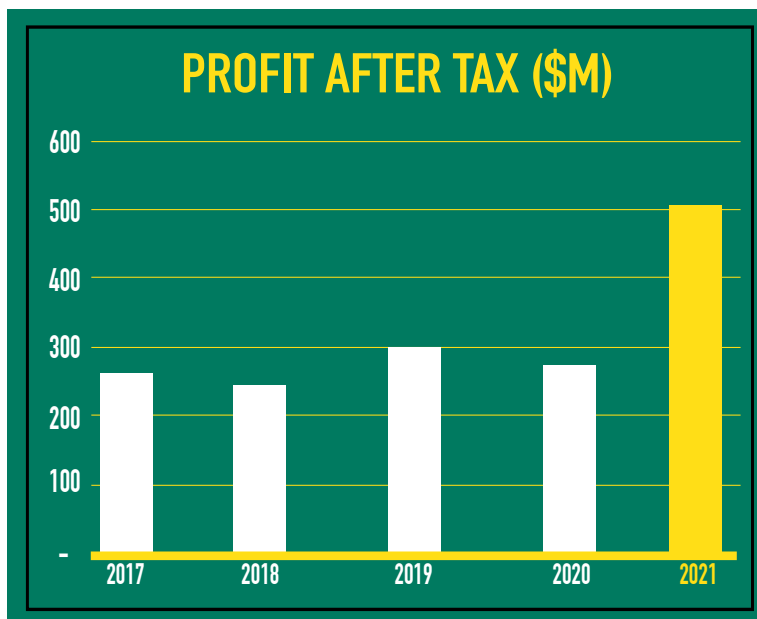
FINANCE COST AND FOREX MOVEMENTS

Finance costs decreased by \$18.1 million over last year. The net impact of the IFRS 16 assessment on the expenses was \$56 million, which included a decline of \$57.8 million in administrative expenses (rent and depreciation) offset by the increase in finance costs (lease interest expense and loss on foreign exchange movements) of \$113.8 million.

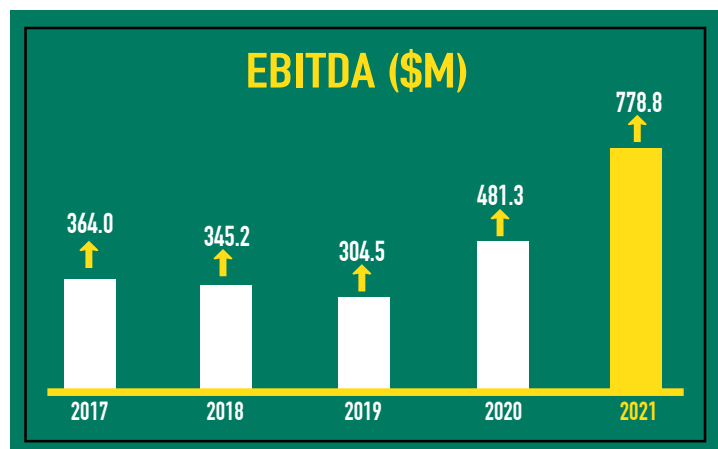


NET PROFIT

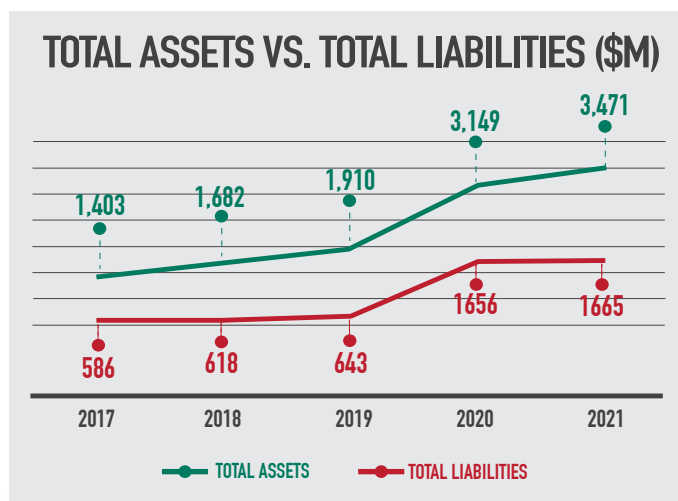
The profit after tax increased by 85%, moving from \$276.5 million to \$512.3 million this fiscal year. This resulted in an EPS of \$0.41 versus \$0.22 for the previous year.



Income growth, cost containment, and operational efficiencies have boosted earnings resulting in the growth in EBITDA.



Shareholder equity grew by \$312.4 million, an increase of 21%.



DIVIDENDS

The Board of Directors approved two dividend payments amounting to almost \$200 million during the year, this is a 300% increase over the prior year. At a special board meeting held on September 29, 2020, a \$0.08 per share dividend was declared and paid on November 25, 2020. This was the final dividend for year ended June 30, 2020. At another special board meeting held on May 27, 2021, an interim dividend of \$0.08 per share was declared with a payment date of June 28, 2021.



LIQUIDITY

Our primary source of liquidity in 2021 included funds provided by operating activities (\$623m). Cash and cash equivalents increased by \$260 million, a 16% increase over that of 2020. During the year, the company acquired fixed assets amounting to \$12 million, repaid loans of \$36.4 million and paid dividends amounting to \$199.9 million.



FINANCIAL POSITION

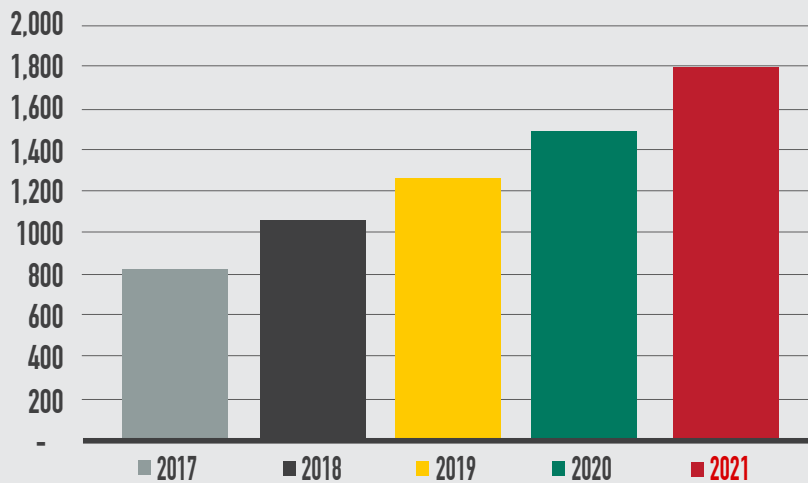
Net Assets increased by 10% mainly due to the growth in inventories to hedge against expected supply chain challenges, deposits on the new POS system and solar project for the Waterloo store as well as cash balances.



Net Equity grew by 21% year over year to \$1.805 billion due to profits earned during the year. The company has healthy financial ratios with debt to equity being 0.9 and current ratio being 2.6 indicating a good level of asset utilization.



EQUITY GROWTH (\$M)



Outlook

The past year taught us many things, we embraced the challenges and came through a stronger and more resilient FONTANA!

As we approach the next financial year, we will continue to do what we do best:

be accessible to our customers while providing the best products and services in a warm friendly environment.

In parallel, we will focus on our

4 STRATEGIC PILLARS:

- Staff Retention, Training and Development
- Operational Efficiencies
- Cost Containment
- Growth



It's All **GOOD** Inside!

FIVE-YEAR Financial Review

INCOME STATEMENT HIGHLIGHTS (J\$)

	2017	2018	2019	2020	2021
Revenue	3,145,274,038	3,417,735,335	3,701,807,336	4,509,856,155	5,151,940,367
change over prior year	16%	9%	8%	22%	14%
COGS	1,927,476,041	2,128,727,301	2,378,174,172	2,811,452,015	3,203,802,006
% of Revenue	61%	62%	64%	62%	62%
Gross Profit	1,217,797,997	1,289,008,034	1,323,633,164	1,698,404,140	1,948,138,361
change over prior year	22%	6%	3%	28%	15%
Operating Expenses	845,622,593	994,734,526	1,078,688,814	1,300,818,115	1,299,711,626
change over prior year	21%	18%	8%	21%	0%
Other Income	37,580,664	33,277,734	33,649,787	51,650,408	60,180,286
change over prior year	25%	-11%	1%	53%	17%
Finance Costs	88,211,244	24,488,001	8,329,088	185,344,733	167,225,554
change over prior year	-6%	-72%	-66%	2125%	-10%
PBT	321,544,824	303,063,241	270,265,049	263,891,700	541,381,467
change over prior year	36%	-6%	-11%	-2%	105%
Taxation	59,659,811	55,756,882	(36,361,122)	(12,616,396)	29,054,189
Net Profit	261,885,013	247,306,359	306,626,171	276,508,096	512,327,278
change over prior year	34%	-6%	24%	-9.8%	85.3%
Ratios					
EPS (\$)	17.46	0.22	0.26	0.22	0.41
NP Margin (%)	8.3%	7.2%	8.3%	6.1%	9.9%
GP Margin (%)	39%	38%	36%	38%	38%

FINANCIAL POSITION HIGHLIGHTS (J\$)

	2017	2018	2019	2020	2021
Non-Current Assets	503,302,993	743,107,063	867,817,626	1,789,147,596	1,629,551,294
change over prior year	42%	48%	17%	106%	-9%
Current Assets	900,006,770	939,084,943	1,041,914,031	1,359,635,168	1,840,986,049
change over prior year	34%	4%	11%	30%	35%
Total Assets	1,403,309,763	1,682,192,006	1,909,731,657	3,148,782,764	3,470,537,343
change over prior year	36%	20%	14%	65%	10%
Non-Current Liabilities	147,238,969	136,199,964	12,132,212	1,013,762,537	954,097,541
change over prior year	-18%	-7%	-91%	8256%	-6%
Current Liabilities	438,903,511	481,518,400	631,324,998	642,212,677	711,204,946
change over prior year	-4%	10%	31%	2%	11%
Total Liabilities	586,142,480	617,718,364	643,457,210	1,655,975,214	1,665,302,487
change over prior year	-8%	5%	4%	157%	1%
Equity	817,167,283	1,064,473,642	1,266,274,447	1,492,807,550	1,805,234,856
change over prior year	109%	30%	19%	18%	21%
Ratios					
Current Ratio	2.1	2.0	1.7	2.1	2.6
Return on Asset	18.7	14.7	16.1	8.8	14.8
Debt to Equity	0.7	0.6	0.5	1.1	0.9
Inventory Turns Ratio	3.8	3.7	4.1	4.6	4.3



Fontana
PHARMACY

Fontana
PHARMACY

ANTIBACTERIAL

**Hand
Sanitizer
Gel**



KILLS 99.9% OF GERMS
without using water

FRAGRANCE FREE

Net 230 mL (7.7 fl.oz)

Fontana
PHARMACY

**RUBBING
ALCOHOL**

70%

Ethyl Alcohol From Sugar Cane

Net 237 mL (8 fl.oz)

CORPORATE SOCIAL *Responsibility*



At Fontana nation-building, especially through our youth, has always been our focus. We aim to use our platform to support and collaborate with many stakeholders to make an impact on Jamaica.

We are committed to our fundamental principles: service, respect, family, and community which have been imbued by our founders Bobby and Angela Chang.

Our Corporate Social Responsibility (CSR) is vital to how we deliver on our purpose. In this regard, Fontana gives back to its communities with various outreach activities and sponsorships throughout the year. Despite the COVID-19 pandemic and the drastic impact it has had on planned activities and events, we were still able to support our various initiatives to the best of our ability.

We are happy to share some of the major activities and sponsorships that took place in the last 12 months.

JULY - SEPTEMBER 2020

For this quarter, Marketing continued with the monthly events, sales and additional Sponsorships listed below.

- St. Barnabas Early Childhood Development Centre
- Mt. Olivet Boys Home
- TVJ Virtual Show Sponsorship
- Gospel JA Amazing Race Grand Finale
- Ministry of Health Social Media Competition Sponsorship
- Giveaway with Fontana / FINDIOUS





- UniCycle School Uniform Initiative
- Fontana Food For Families - Donation Drive for Save Our Boys and Girls Foundation

OCTOBER - DECEMBER 2020

- TVJ Glow Party Virtual Sponsorship
- TVJ Halloween Virtual Sponsorship
- Lessons Alive Campaign
(purchased of digital tablets for children)
- Sagicor Health Drive in partnership with Fontana
- Junior Chamber International Kingston Blood Drive
- Fontana Wishing Tree
- Donation of Youth Male Mentorship Program
- Irie FM Christmas Cheer for Frontline Workers
- PAJ Partnership with Fontana Pharmacy

JANUARY - MARCH 2021

- New Year's Treat
 - Barbican Community Donation of food and school items to over 200 recipients
- Jamaica Day Creative Competition a partnership with the Ministry of Education
- Partnership with Pure Smiles Jamaica
- Doctor's Health Fair
- Heart Foundation Partnership
- Utech "Where the Love Reside Gift Basket Donation"
- Save Our Boys & Girls Foundation
 - Donation of Toys
- Donations for St. James MOH vaccination team
- Period Poverty Drive

APRIL - JUNE 2021

- Heart Foundation Partnership
- Friendship Kindergarten Treat
- NEHRA - Gift Basket for the COVID Sensitizing
- Own Your Place In the Digital Space
- Mustard Seed Community
 - Donation of Toys





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Financial Statement
YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of FONTANA LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Fontana Limited (the "Company"), which is comprised of the statement of financial position as at June 30, 2021, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Jamaican Companies Act (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Cont. /2

Independent Auditor's Report (cont'd)

To the members of **FONTANA LIMITED**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
<p>1) <u>Carrying value of inventory</u></p> <p>Inventory is reported at \$835.7 million and represents 24% of total assets of the Company as at June 30, 2021. The inventory consists of a large volume of small and seasonal items. Inherently, the large volume of inventory creates a challenge for management to conduct inventory counts throughout the year, which contributes to the risk of inventory being materially misstated.</p> <p>In determining the carrying value of inventory, management focuses on conducting periodic counts on high value departments from the overall inventory.</p>	<p>Our audit procedures to address the key audit matter relating to the carrying value of inventory included the following:</p> <ul style="list-style-type: none"> • Reviewing the Company's standard operating procedures, in order to assess the effectiveness of internal controls over inventory. • We observed stock counts at each of the Company's store locations. As a part of this process, we selected samples to conduct our independent counts at each store. • The samples from our stock counts were crossed checked against the inventory system and unresolved variances were extrapolated to the inventory population of each store. <p>Based on the procedures performed, an adjustment of \$19.48 million was made to the carrying value of inventory. This represented an adjustment of 2% of the year end value.</p>

Independent Auditor's Report (cont'd)

To the members of **FONTANA LIMITED**

Key audit matters (cont'd)

Key audit matters	How the matter was addressed in our audit
<p>2) <u>Goodwill impairment assessment</u></p> <p>The Company has goodwill of \$165.46 million arising from the acquisition of the Barbican store operations, which represents 4.8% of the total assets as at the year end.</p> <p>The annual impairment assessment requires management's judgement and estimation in determining estimated future earnings from the store, taking into consideration inflation rate, growth rate and other underlying assumptions.</p>	<p>Our audit procedures to address the key audit matter relating to the impairment of goodwill assessment included the following:</p> <ul style="list-style-type: none"> • We have reviewed management's assertions, including the identification of the underlying cash generating assets. • We have assessed and reviewed the store's historical performance and compared actual results to the approved budget. The analysis of the external and internal environments was taken into account in the assessment of the store's performance. <p>Based on the procedures performed, management's assessment of goodwill impairment appears reasonable.</p>

Other information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate with the Board of Directors.

Independent Auditor's Report (cont'd)

To the members of
FONTANA LIMITED

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at pages 5-6, forms part of our auditor's report.

Report on additional matters as required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Leary Mullings.

Crichton Mullings & Assoc.
Crichton Mullings & Associates
Chartered Accountants

Kingston, Jamaica
September 10, 2021

Independent Auditor's Report (cont'd)

To the members of FONTANA LIMITED

Appendix to the independent auditor's report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report (cont'd)

To the members of FONTANA LIMITED

Appendix to the independent auditor's report (cont'd)

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

FONTANA LIMITED

*Statement of Financial Position***AS AT JUNE 30, 2021***(Expressed in Jamaican dollars unless otherwise stated)*

Page 7

		\$	\$
ASSETS			
Non-current Assets			
Property, plant and equipment	5	716,424,433	769,835,263
Right of use asset	6	747,665,716	839,764,477
Intangible asset	7	165,461,145	165,461,145
Deferred tax asset	8	-	14,086,711
		<u>1,629,551,294</u>	<u>1,789,147,596</u>
Current Assets			
Inventories	9	835,761,847	650,602,515
Due from related parties	10	7,741,281	9,058,886
Due from directors	11	3,720,463	6,062,887
Trade and other receivables	12	133,473,836	94,309,180
Taxation recoverable	13	1,056,372	345,008
Cash and cash equivalents	14	859,232,250	599,256,692
		<u>1,840,986,049</u>	<u>1,359,635,168</u>
TOTAL ASSETS		<u><u>3,470,537,343</u></u>	<u><u>3,148,782,764</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	252,589,301	252,589,301
Accumulated surplus		<u>1,552,645,555</u>	<u>1,240,218,249</u>
		<u>1,805,234,856</u>	<u>1,492,807,550</u>
Non-current Liabilities			
Deferred tax liability	8	14,967,478	-
Non-current portion of lease liability	6	796,095,303	836,705,219
Bank loans payable	16	<u>143,034,760</u>	<u>177,057,318</u>
		<u>954,097,541</u>	<u>1,013,762,537</u>
Current Liabilities			
Current portion of lease liability	6	86,692,435	83,508,196
Current portion of bank loans payable	16	43,284,916	45,669,181
Trade and other payables	17	577,516,884	512,723,239
Due to related parties	18	<u>3,710,711</u>	<u>312,061</u>
		<u>711,204,946</u>	<u>642,212,677</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,470,537,343</u></u>	<u><u>3,148,782,764</u></u>

APPROVED, on behalf of the Board on September 10, 2021

Chairman

Director**The accompanying notes form an integral part of the financial statements**It's All **GOOD** Inside!

FONTANA LIMITED

Statement of Comprehensive Income

YEAR ENDED JUNE 30, 2021
(Expressed in Jamaican dollars unless otherwise stated)

Page 8

	Note	2021 \$	2020 \$
Revenues	4	5,151,940,367	4,509,856,155
Cost of sales	19	<u>(3,203,802,006)</u>	<u>(2,811,452,015)</u>
Gross profit		1,948,138,361	1,698,404,140
Administrative and other expenses	20	(1,244,040,911)	(1,231,508,360)
Selling and promotion	21	<u>(55,670,715)</u>	<u>(69,309,755)</u> *
Operating profit	22	648,426,735	397,586,025
Other income	23	<u>60,180,286</u>	<u>51,650,408</u>
		708,607,021	449,236,433
Finance costs	24	<u>(167,225,554)</u>	<u>(185,344,733)</u> *
Profit before taxation		541,381,467	263,891,700
Taxation (charge) / credit	25	<u>(29,054,189)</u>	<u>12,616,396</u>
Net profit, being total comprehensive income for the year		<u><u>512,327,278</u></u>	<u><u>276,508,096</u></u>
Earnings per share for profit attributable to the equity holders of the Company during the year	26	<u>\$ 0.41</u>	<u>\$ 0.22</u>

*-Restated to conform to current year presentation

The accompanying notes form an integral part of the financial statements

FONTANA LIMITED

Statement of Changes in Equity

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

Page 9

	Share Capital \$	Accumulated Surplus \$	Total \$
Balance at June 30, 2019	252,589,301	1,013,685,146	1,266,274,447
Transactions with owners:			
Dividend paid (note 30)	-	(49,974,993)	(49,974,993)
Net profit, being total comprehensive income for the year	-	276,508,096	276,508,096
Balance at June 30, 2020	252,589,301	1,240,218,249	1,492,807,550
Transactions with owners:			
Dividend paid (note 30)	-	(199,899,972)	(199,899,972)
Net profit, being total comprehensive income for the year	-	512,327,278	512,327,278
Balance at June 30, 2021	<u>252,589,301</u>	<u>1,552,645,555</u>	<u>1,805,234,856</u>

The accompanying notes form an integral part of the financial statements

FONTANA LIMITED

Statement of Cash Flows

YEAR ENDED JUNE 30, 2021
(Expressed in Jamaican dollars unless otherwise stated)

	Note	2021 \$	2020 \$	Page 10
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before interest and taxation	27	555,701,928	275,179,627	
Adjusted for:				
Depreciation on right of use asset		92,098,761	88,858,565	
Depreciation on property, plant and equipment		65,441,559	56,257,174	
Interest expense on right of use asset		65,541,946	60,837,804	
Reclassification of work in progress		-	186,717	
		<u>778,784,194</u>	<u>481,319,887</u>	
(Increase) / decrease in operating assets:				
Inventories		(185,159,332)	(79,612,684)	
Due to related parties		1,317,605	4,554,294	
Trade and other receivables		(39,164,656)	(27,316,575)	
Taxation recoverable		(711,363)	-	
Increase in operating liabilities:				
Trade and other payables		64,793,645	52,433,068	
Due to directors		<u>3,398,651</u>	<u>312,061</u>	
Cash flows provided by operating activities		623,258,744	431,690,051	
Taxation paid		<u>-</u>	<u>(19,184,989)</u>	
Net cash provided by operating activities		<u>623,258,744</u>	<u>412,505,062</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment		<u>(12,030,729)</u>	<u>(125,392,988)</u>	
Net cash used in investing activities		<u>(12,030,729)</u>	<u>(125,392,988)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(199,899,972)	(49,974,993)	
Proceeds from loans		-	302,653,405	
Repayment of loans		(36,406,824)	(237,369,332)	
Lease liability, net		(102,967,623)	(69,247,431)	
Directors' loans, net		2,342,423	1,507,063	
Interest paid		<u>(14,320,461)</u>	<u>(11,287,927)</u>	
Net cash used in financing activities		<u>(351,252,457)</u>	<u>(63,719,215)</u>	
NET INCREASE IN CASH AND CASH EQUIVALENTS		259,975,558	223,392,859	
CASH AND CASH EQUIVALENTS - Beginning of the year		599,256,692	375,863,833	
CASH AND CASH EQUIVALENTS - End of the year		<u><u>859,232,250</u></u>	<u><u>599,256,692</u></u>	
REPRESENTED BY:				
Short term investments		46,441,365	41,577,635	
Cash and bank deposits		<u>812,790,885</u>	<u>557,679,057</u>	
		<u><u>859,232,250</u></u>	<u><u>599,256,692</u></u>	

FONTANA LIMITED*Notes to The Financial Statements***YEAR ENDED JUNE 30, 2021***(Expressed in Jamaican dollars unless otherwise stated)***1. IDENTIFICATION**

Page 11

Fontana Limited (the "Company") is incorporated in Jamaica, under the Jamaican Companies Act (the "Act"). The Company is domiciled in Jamaica with its registered office at Manchester Shopping Center, Mandeville, Manchester.

The Company became listed on the Junior Market of the Jamaica Stock Exchange on January 08, 2019.

The principal activities of the Company are:

- (a) The buying and selling of pharmaceuticals, and
- (b) The retailing of associated products

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**(a) Statement of Compliance**

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards ("IFRS") and the relevant requirements of the Act.

The financial statements have been prepared under the historical cost convention and are expressed in Jamaican dollars, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS and the Act requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

There are no significant assumptions and judgements applied in these financial statements that carry a risk of material adjustment in the next financial year.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

Page 12

(b) Changes in accounting standards and interpretations:

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following interpretations and amendments are relevant to its operations:

- **IAS 1 Presentation of Financial Statements, Amendment**, issued in October 2018, effective for annual period beginning on or after January 1, 2020. The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.
- **IAS 8 Changes in Accounting Estimates and Errors, Amendment**, issued in October 2018, effective for annual period beginning on or after January 1, 2020. The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The definition of material in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been replaced with a reference to IAS 1.
- **IFRS 16 Amendment, 'Covid-19-Related Rent Concessions'**, issued in May 2020, effective for annual periods beginning on or after June 1, 2020. The amendment to the standard provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications, disclose the fact of the exemption as well as to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Changes in accounting standards and interpretations (cont'd):

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

- IFRS 16 'Interest Rate Benchmark Reform', issued August 2020.
Effective for periods commencing on or after 1 January 2021
- IFRS 16 Amendment, 'Covid-19-Related Rent Concessions beyond June 30 2021', issued in March 2021. Effective for annual periods beginning on or after April 1, 2021.
- IAS 12 Amendment, 'Deferred tax related to Assets and Liabilities arising from a single transaction', issued May 2021. Effective for periods commencing on or after 1 January 2023
- IAS 1 Amendment, Classification of liabilities as current or non-current, issued in July 2020. Effective for annual period beginning on or after January 1, 2023.

The Board of directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant to the Company in future periods is unlikely to have any material impact on the financial statements.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**(c) Use of estimates and judgements:**

The preparation of the financial statements to conform with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards (IFRS) that have a significant effect on the financial statements and estimates with material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) Critical accounting judgements in applying the Company's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

(a) Allowance for expected credit losses (ECL) on trade receivables

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also makes estimates of the likely estimated future cash flows of impaired receivables, as well as the timing of such cash flows recoverable on the financial assets in determining loss given default. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

(b) Net realizable value of inventories:

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date, to the extent that such events confirm conditions existing at the reporting date.

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

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(c) Use of estimates and judgements (cont'd):**(i) Critical accounting judgements in applying the Company's accounting policies (cont'd)****(c) Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(d) Provision for obsolescence of inventory

Estimates of provision for obsolescence of inventory are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. Estimates of provision for obsolescence also take into consideration the purpose for which the inventory is held.

(ii) Key assumptions and other sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(a) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's equities are the only financial instrument that is carried at fair value, also where fair value of financial instruments approximates carrying value, no fair value computation is done.

IFRS requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

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(c) Use of estimates and judgements (cont'd):**(ii) Key assumptions and other sources of estimation uncertainty (cont'd)****(a) Fair value estimation (cont'd)**

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, loan, trade and other payables, due to director and related parties.

The carrying values of long-term liabilities approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(b) Allowance for expected credit losses

The Company establishes a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The determination of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of the ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***3. SIGNIFICANT ACCOUNTING POLICIES**

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(a) Property, plant and equipment

All property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are recorded and carried at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Except for buildings, which are carried at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Company and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred.

Property, plant and equipment is depreciated on the straight-line basis over the estimated useful lives of such assets. The rates of depreciation in use are:

Buildings	2.5%
Leasehold Improvements	2.5%
Machinery and Equipment	10%
Furniture and Fixtures	10%
Signs	10%
Motor Vehicles	12.5%
Computers	22.5%

Assets are capitalized only when they are brought into use. While an asset is being constructed or is not yet available for use; the expenditure, including borrowing costs, is treated as advances, and is shown separately in the statement of financial position. Depreciation is not raised until an asset is brought into use.

(b) Leases

A contract is, or contains, a lease if it conveys the right of use/control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Leases are recognized as assets and liabilities unless the lease term is 12 months or less or the underlying asset has a low value of less than US\$5,000 or its Jamaica dollar equivalent. The Company applies the short-term lease recognition exemption to its short-term leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, at the lease commencement date, i.e. the date at which the underlying asset is available for use by the Company. The right-of-use asset is depreciated on a straight-line basis over the remaining lease term.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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(b) Leases (cont'd)**Lease liability**

The lease liability is initially measured at the present value of lease payments to be made over the lease term.

The present value of lease payments, uses an incremental borrowing rate at the commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate corresponds to the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment, with similar terms and conditions.

(c) Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid at acquisition. Goodwill is carried at costs less impairment. The Company assesses goodwill for impairment on an annual basis or when events or circumstances indicate that the carrying value may be impaired.

(d) Investments

Investments held by the Company are either held to maturity or carried at fair value through profit and loss account. Investments are initially measured at cost. Held to maturity instruments are subsequently carried at amortized cost. Fair value instruments are initially measured at cost and subsequently at fair value.

Gains and losses arising from changes in fair value instruments are immediately recognized in the statement of comprehensive income. Where fair value cannot be reliably measured, investments are stated at cost. The fair value of stock-exchange traded equities is their quoted bid price. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

(e) Inventories

These are valued at the lower of cost, determined principally on the first-in first-out (FIFO) basis, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(f) Trade and other receivables

Trade and other receivables are stated at amortized cost.

Appropriate allowances for estimated irrecoverable amounts are recognized in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(g) Trade and other payables

Trade and other payables are stated at amortized cost.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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(h) Cash and cash equivalents

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(i) Related party identification

A party is related to the Company if:

- (i) directly or indirectly the party:
 - controls, is controlled by, or is under common control with the Company;
 - has an interest in the Company that gives it significant influence over the Company; or
 - has joint control over the Company.
- (ii) the party is an associate of the Company
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company
- (v) the party is a close member of the family of an individual referred to in (i) or (iv) above
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any company that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(j) Taxation

Income tax expense represents the sum of income tax currently payable and deferred tax.

- (i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustments to income tax payable in respect of previous years.
- (ii) Deferred income tax

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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(k) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(l) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is recognized when control of goods passes to the customer, as contractual performance obligations are fulfilled.

(m) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it earns and incur expenses; whose operating results are regularly reviewed by the Company's Chief Decision Maker ("CODM") who decides about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the operations of the Company are not segmented.

(n) Impairment

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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(n) Impairment (cont'd)

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

(o) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial assets and liabilities are recognized on the Company's position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognized immediately in profit or loss), as appropriate, on initial recognition.

Financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cashflows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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(o) Financial instruments (cont'd)**Financial assets (cont'd)***Subsequent measurement*

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables, due from related parties and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) on the financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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(o) Financial instruments (cont'd)**Financial assets (cont'd)***Impairment (cont'd)*

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities*Initial recognition and measurement*

The Company's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(p) Employee benefits

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, vacation leave, non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner:

- Short-term employee benefits are recognized as a liability, net of payments made, and charged to expense.

(q) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

FONTANA LIMITED

Notes to The Financial Statements

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*(Expressed in Jamaican dollars unless otherwise stated)***3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

(s) Dividends

Dividends on ordinary shares are recognized in shareholders equity in the period in which they are approved by the Board of Directors.

(t) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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4. REVENUES

Revenues represent the value of goods and services sold to third parties, excluding discounts, rebates and general consumption tax.

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture and		Machinery and		Sign		Motor		Work-in		Total	
	Leasehold	Fixtures	Computer	Equipment	Drapes	Vehicles	Progress	Total				
	Improvements		Equipment									
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At Cost/Valuation:												
Balance at June 30, 2019	140,912,739	107,725,879	54,972,506	146,879,629	11,556,621	36,774,223	464,005,743	962,827,340				
Transfer from Work in Progress	270,629,035	123,383,905	-	69,075,107	720,979	-	(464,005,743)	(186,717)				
Additions	49,714,457	9,170,604	18,794,727	23,559,972	6,467,735	17,748,493	-	125,455,988				
Balance at June 30, 2020	461,256,231	240,227,388	73,767,233	239,514,708	18,745,335	54,522,716	-	1,088,033,611				
Additions	441,960	1,361,845	5,247,017	2,284,265	-	2,695,652	-	12,030,729				
Balance at June 30, 2021	461,698,181	241,589,233	79,014,250	241,798,973	18,745,335	57,218,368	-	1,100,064,340				
Accumulated Depreciation:												
Balance at June 30, 2019	35,627,188	81,435,790	40,813,865	76,575,512	6,733,846	20,754,973	-	261,941,174				
Charge for period	8,855,568	14,009,136	6,869,889	20,286,704	1,634,909	5,400,968	-	56,257,174				
Balance at June 30, 2020	44,482,756	95,444,926	46,883,754	96,862,216	8,368,755	26,155,941	-	318,198,348				
Charge for period	11,482,813	17,042,701	7,887,209	22,718,830	1,874,534	4,635,472	-	65,441,559				
Balance at June 30, 2021	55,965,569	112,487,627	54,570,963	119,581,046	10,243,289	30,791,413	-	383,639,907				
Net Book Value:												
Balance at June 30, 2021	405,732,612	129,101,606	24,443,287	122,217,927	8,502,046	26,426,955	-	716,424,433				
Balance at June 30, 2020	416,773,475	144,782,462	26,883,479	142,652,492	10,376,580	28,386,775	-	769,836,263				
Balance at June 30, 2019	105,285,551	26,290,089	14,158,641	70,304,117	4,822,775	16,019,250	464,005,743	700,886,166				

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021
(Expressed in Jamaican dollars unless otherwise stated)

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6. RIGHT-OF-USE ASSETS

		<u>Buildings</u>
At Valuation		<u>\$</u>
Balance at July 1, 2020		928,623,042
Additions		<u>-</u>
Balance at June 30, 2021		<u>928,623,042</u>
Depreciation charge of right-of use asset		
Balance at July 1, 2020		88,858,565
Charge for period		<u>92,098,761</u>
Balance at June 30, 2021		<u>180,957,326</u>
Net Book Value		
Balance at June 30, 2021		<u><u>747,665,716</u></u>
Lease Liability:	2021	2020
	<u>\$</u>	<u>\$</u>
Non-current lease liability	<u>796,095,303</u>	<u>836,705,219</u>
Current lease liability	<u>86,692,435</u>	<u>83,508,196</u>
Balance at the end of the year	<u><u>882,787,738</u></u>	<u><u>920,213,415</u></u>

7. INTANGIBLE ASSET

	2021	2020
	<u>\$</u>	<u>\$</u>
Goodwill at the end of the year	<u><u>165,461,145</u></u>	<u><u>165,461,145</u></u>

Goodwill is an intangible asset which was acquired upon the acquisition of the related company Fontana Kingston Limited. The goodwill is assessed for any impairment losses on an annual basis.

FONTANA LIMITED

Notes to The Financial Statements

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8. DEFERRED TAX (LIABILITY) / ASSET

Certain deferred tax assets and liabilities have been offset in accordance with International Accounting Standard ("IAS") 12. IAS 12 permits the offsetting of deferred tax assets and liabilities if the entity has a legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same tax authority on the same entity.

The following is the analysis of the deferred tax balances (after offset) for financial statement purposes:

	2021	2020
	\$	\$
Deferred tax (liability) / asset	(14,967,478)	14,086,711

Deferred tax asset and liability are attributable to the following:

	2021	2020
	\$	\$
Property, plant and equipment	(7,720,683)	(4,253,563)
Conversion of foreign currency	(7,246,795)	18,340,274
	(14,967,478)	14,086,711

The movement during the year in the Company's deferred tax position was as follows:

	2021	2020
	\$	\$
Balance at the beginning of the period	14,086,711	1,470,315
Movement during the period	(29,054,189)	12,616,396
Balance at the end of the period	(14,967,478)	14,086,711

The movement during the year in the Company's deferred tax position was as follows:

	2021		
	Opening balance	Recognized in profit or loss	Closing balance
Property, plant and equipment	(4,253,563)	(3,467,121)	(7,720,684)
Conversion of foreign currency	18,340,274	(25,587,068)	(7,246,794)
	14,086,711	(29,054,189)	(14,967,478)
	2020		
	Opening balance	Recognized in profit or loss	Closing balance
Property, plant and equipment	434,887	(4,688,450)	(4,253,563)
Conversion of foreign currency	1,035,428	17,304,846	18,340,274
	1,470,315	12,616,396	14,086,711

FONTANA LIMITED

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9. INVENTORIES

	2021	2020
	\$	\$
Inventories	844,778,865	667,072,183
Goods in transit	32,961,745	31,713,549
	<u>877,740,610</u>	<u>698,785,732</u>
Less:		
Provision for obsolescence	<u>(41,978,763)</u>	<u>(48,183,217)</u>
	<u><u>835,761,847</u></u>	<u><u>650,602,515</u></u>

10. DUE FROM RELATED PARTIES

	2021	2020
	\$	\$
Fontana Employee Share Trust (i)	7,600,306	8,395,921
Fontana Montego Bay Ltd.	-	117,050
Fontana Sav-La-Mar	-	123,000
Fontana Distribution	-	140,970
Fontana Holdings	-	140,970
Fontana Foundation	140,975	140,975
	<u>7,741,281</u>	<u>9,058,886</u>

(i) This represents funds advanced by the Company to purchase shares on behalf of employees during the Company's initial public offering.

11. DUE FROM DIRECTORS

	2021	2020
	\$	\$
Due from directors	3,839,689	12,121,139
Due to directors	<u>(119,226)</u>	<u>(6,058,252)</u>
	<u><u>3,720,463</u></u>	<u><u>6,062,887</u></u>

These are unsecured interest free amounts, which have no fixed dates of repayment.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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12. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Trade receivables	26,374,440	33,654,435
Less: expected credit losses	(6,215,372)	(6,913,361)
Net trade receivables	20,159,068	26,741,074
Other receivables	21,559,366	10,693,756
Deposit on assets (i)	62,732,363	34,065,291 *
Prepayments	19,642,031	12,882,248
Deferred GCT	-	503,687
GCT recoverable	301,266	91,782
Security deposits	9,079,742	9,331,342
	<u>133,473,836</u>	<u>94,309,180</u>

(i) This includes deposit on a new point of sale system and solar project for the Waterloo location in the amount of \$39,154,564 and \$23,577,799, respectively.

13. TAXATION RECOVERABLE

	2021	2020
	\$	\$
Tax recoverable / (payable) at beginning of period	345,008	(18,839,981)
Withholding tax recoverable during the year	711,364	654,026 *
	1,056,372	(18,185,955)
Less: payments made during the year	-	18,530,963 *
Taxation recoverable at the end of the year	<u>1,056,372</u>	<u>345,008</u>

14. CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Term and demand deposits	625,832,638	442,058,165
Foreign currency accounts	184,884,835	113,547,480
Short term investments	46,441,365	41,577,635
Cash balances	2,073,412	2,073,412
	<u>859,232,250</u>	<u>599,256,692</u>

*-Restated to conform to current year presentation

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021
(Expressed in Jamaican dollars unless otherwise stated)

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15. SHARE CAPITAL

	2021 \$	2020 \$
Authorized: 2,664,999,860 ordinary shares		
Issued and fully paid: 1,249,374,825 ordinary shares	<u>252,589,301</u>	<u>252,589,301</u>
(a) On December 4, 2018, at an extraordinary general meeting of the Company, by an ordinary resolution, the authorized share capital of the Company was increased from 15,003,000 to 40,003,000 in the first instance. The authorized ordinary shares of 40,003,000 were subdivided into 66.62 shares for every existing share, resulting in the authorized shares increasing to 2,664,999,860.		
(b) The issued share capital was increased to 1,124,437,260 shares prior to the initial public offering ("IPO"). An additional 124,937,565 new shares were offered to the general public in the IPO on December 06, 2018.		
(c) The proceeds of the sale of the 124,937,565 shares issued to the general public in December 2018 amounted to \$233,489,376 less transaction cost of \$10,906,075.		

16. BANK LOANS PAYABLE

	2021 \$	2020 \$
a. BNS Motor Vehicle Loan	1,069,210	2,443,852
b. BNS Energy Loan	6,534,107	11,933,243
c. BNS Waterloo Capex	166,666,664	191,666,666
d. BNS Van Loan	6,400,000	8,000,000
e. BNS Motor Vehicle Loan	5,649,695	7,062,120
f. BNS Insurance Financing Loan	-	1,620,618
Total bank loans payable	<u>186,319,676</u>	<u>222,726,499</u>
Due in less than 12 months	<u>(43,284,916)</u>	<u>(45,669,181)</u>
Due in more than 12 months	<u>143,034,760</u>	<u>177,057,318</u>

- This is a loan at a rate of interest of 8.5% per annum. The loan is repayable over thirty-six (36) months, in fixed monthly payments of \$152,738 plus interest. The purpose of the loan was to purchase a motor vehicle.
- This is a loan at a rate of interest of 6.75% per annum for the installation of solar panels to the Fairview Montego Bay location as part of our energy conservation project. The loan is repayable over fifty-four (54) months, including 6 months moratorium on principal payments, in fixed monthly payments of \$599,904 plus interest.
- This is a loan with a rate of interest of 6.75% per annum. The loan is repayable sixty (60) months after disbursement, in fixed monthly payments of \$2,777,778 plus interest and a balloon payment \$36,111,098 at maturity. The purpose of the loan was to pay off the bridge loan.
- This is a loan at a rate of interest of 6.75% for years 1-2 and thereafter weighted average treasury bill yield currently 1.53237%, plus 6 for years 3-5. The loan is repayable over sixty (60) months, in fixed monthly payments of \$133,333. The purpose of the loan was to purchase a van.
- This is a loan at a rate of interest of 6.75% per annum. The loan is repayable over forty-eight (48) months, in fixed monthly payments of \$156,936 plus interest. The purpose of the loan was to purchase a motor vehicle.
- This includes two loans at rates of interest of 7% and 4.35% per annum. Each loan is repayable over eight (8) months, in fixed monthly payments of \$641,471 and US\$9,564, respectively. The purpose of the loans was to finance insurance premium payments in the prior year. These loans were repaid during the year.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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17. TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade payables	466,879,386	365,615,685
Statutory liabilities	13,235,897	10,073,577
Accrued salaries	19,206,295	21,307,722
GCT payable	17,851,046	32,819,906
Credit cards payable	50,848,888	58,159,187
Other payables and accruals	9,495,372	24,747,162
	<u>577,516,884</u>	<u>512,723,239</u>

18. DUE TO RELATED PARTIES

	2021	2020
	\$	\$
Fontana Properties Limited	<u>3,710,711</u>	<u>312,061</u>

These are unsecured interest free advances, which have no fixed dates of repayment.

19. COST OF SALES

	2021	2020
	\$	\$
Opening inventories	650,602,515	570,989,831
Add: Net purchases	<u>3,395,165,792</u>	<u>2,910,461,767</u> *
	4,045,768,307	3,481,451,598
Less: Provision for inventory obsolescence	(6,204,454)	(19,397,068)
Closing inventories	<u>(835,761,847)</u>	<u>(650,602,515)</u>
	<u>3,203,802,006</u>	<u>2,811,452,015</u>

*-Restated to conform to current year presentation

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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20. ADMINISTRATIVE AND GENERAL EXPENSES

	2021	2020
	\$	\$
Directors' remuneration	68,671,445	67,658,761
Salaries	534,939,526	565,169,639
Statutory contributions	66,701,038	67,744,571
Casual labour	13,826,242	17,121,398
Repairs and maintenance	24,185,137	18,266,398
Staff welfare	19,264,741	20,159,673
Electricity	71,418,449	62,230,355
Staff pension	7,308,643	7,404,891
Short term leases (see note 3b)	58,385,415	57,069,162
Motor vehicle and travelling	7,281,036	6,918,587
Insurance - general	12,570,445	11,471,747
- life	1,086,810	1,353,471
- health	16,815,961	16,275,553
Travel, entertainment and meals	17,815,068	26,410,378
Telephone, internet and postage	26,017,200	20,264,220
Printing and stationery	1,617,181	2,335,181
Strata plan maintenance	39,402,552	31,322,151
Staff uniform	3,478,221	3,622,901
Security	37,711,719	37,271,555
Subscriptions and donations	2,871,761	3,593,343
Rates and taxes	6,570,114	6,857,925
Audit fee	3,600,000	3,400,000
Professional and legal fees	9,950,818	7,672,768
Consultancy fees	1,610,010	1,250,406
Bad debt written off / (recovered)	1,780,619	(750,823)
Depreciation	65,441,559	56,257,174
Depreciation on right of use asset	92,098,761	88,858,565
Expected credit losses	(697,988)	161,189
General office expenses	30,731,627	20,773,048 *
Rental of equipment	1,586,801	3,364,173
	<u>1,244,040,911</u>	<u>1,231,508,360</u>

21. SELLING AND PROMOTION

	2021	2020
	\$	\$
Advertising	<u>55,670,715</u>	<u>69,309,755 *</u>

*-Restated to conform to current year presentation

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***22. OPERATING PROFIT**

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	2021 \$	2020 \$
	<u>648,426,735</u>	<u>397,586,025</u>
Stated after charging the following:		
Directors' remuneration	68,671,445	67,658,761
Auditor's remuneration	<u>3,600,000</u>	<u>3,400,000</u>

23. OTHER INCOME

	2021 \$	2020 \$
Interest income	2,985,155	574,129
Other store income and commission	36,135,502	35,484,023
Rental income	<u>21,059,629</u>	<u>15,592,256</u>
	<u>60,180,286</u>	<u>51,650,408</u>

24. FINANCE COSTS

	2021 \$	2020 \$
Bank charges and interest	19,096,107	18,548,995
Credit card commission	35,958,668	29,971,120 *
Gain on foreign exchange	(9,658,348)	(16,630,561)
Loan interest	14,320,461	11,287,927
Fair value (gain) / loss on short term investments	(4,771,074)	23,141,933
Interest expense on right of use asset	65,541,946	60,837,804
Loss on foreign exchange (IFRS 16)	48,256,657	58,040,267
Cash (overage) / shortage	<u>(1,518,863)</u>	<u>147,248</u>
	<u>167,225,554</u>	<u>185,344,733</u>

*-Restated to conform to current year presentation

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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25. TAXATION (CHARGE) / CREDIT

- (a) Income tax charge is computed based on the profits for the financial year ended June 30, 2021. The Company's enlistment on the Jamaica Stock Exchange Junior Market effective January 8th, 2019 entitles the Company to a 100% remission of income tax for the first 5 years and fifty percent (50%) remission for the following 5 years, providing that it adheres to the rules and regulations of the Jamaica Stock Exchange Junior Market. Deferred taxation is computed at 25% for the financial year based on the applicable income tax rate for unregulated companies with effective date from January 1, 2013.

The taxation charge is made up as follows:

	2021		2020	
	\$		\$	
Current:				
Provision for income tax on current profit	-		-	
Deferred:				
Origination and reversal of temporary differences	(29,054,189)		12,616,396	
	<u>(29,054,189)</u>		<u>12,616,396</u>	
(b) Reconciliation of effective tax rate and charge:				
	2021		2020	
	\$		\$	
Profit before taxation	<u>541,381,467</u>		<u>263,891,700</u>	
Computed tax charge	(135,345,367)	-25%	(65,972,925)	-25%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances	-	0%	(1,277,038)	0%
Disallowed expenses	(12,889,524)	-2%	(1,452,685)	-1%
Foreign exchange gain	(18,340,274)	-3%	(1,035,428)	0%
Remission of income taxes	<u>137,520,976</u>	25%	<u>82,354,472</u>	31%
Actual tax rate and (charge) / credit	<u>(29,054,189)</u>	-5%	<u>12,616,396</u>	5%

26. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after taxation and the weighted average number of shares in issue during the year.

	2021	2020
	\$	\$
Net profit attributable to shareholders	<u>512,327,278</u>	<u>276,508,096</u>
Weighted average number of shares in issue	<u>1,249,374,825</u>	<u>1,249,374,825</u>
Basic earnings per stock unit	<u>0.41</u>	<u>0.22</u>

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

*(Expressed in Jamaican dollars unless otherwise stated)***27. PROFIT BEFORE INTEREST AND TAXATION**

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	2021 \$	2020 \$
Net profit for the year	512,327,278	276,508,096
Current period taxation	<u>29,054,189</u>	<u>(12,616,396)</u>
Profit before interest	541,381,467	263,891,700
Interest expense	<u>14,320,461</u>	<u>11,287,927</u>
Profit before interest and taxation	<u><u>555,701,928</u></u>	<u><u>275,179,627</u></u>

28. RELATED PARTIES

(a) Balances between the Company and its related company

	2021 \$	2020 \$
Related companies (see note 10)	<u>7,741,281</u>	<u>9,058,886</u>

The Company's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	2021 \$	2020 \$
(b) Rental expense - Fontana Properties Limited	<u>44,327,750</u>	<u>41,795,350</u>
Transactions with key management personnel:		
- Directors' remuneration	<u>68,671,445</u>	<u>67,658,761</u>

29. STAFF COSTS

The number of employees at the end of the year was as follows:

	2021	2020
Permanent	<u>402</u>	<u>381</u>

The aggregate payroll costs for these persons were as follows:

	2021 \$	2020 \$
Salaries and profit related pay	534,939,526	565,169,639
Statutory payroll contributions	<u>66,701,038</u>	<u>67,744,571</u>
	<u><u>601,640,564</u></u>	<u><u>632,914,210</u></u>

30. DIVIDEND

The Company, at two special board of directors' meetings held on September 29th, 2020 and May 27th 2021, declared total dividend of \$199,899,972 (2020: \$49,974,993) in two equal instalments, payable on November 25th, 2020 and June 28th, 2021, to shareholders on record as at October 14th, 2020 and June 11th, 2021, respectively.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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31. FINANCIAL INSTRUMENTS**(a) Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Cash flow risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's principal financial assets are cash and cash equivalents and trade receivables.

Cash and cash equivalents

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit ratings.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. Management has a credit policy in place to minimize exposure to credit risk. Credit evaluations are performed on all customers requiring credit. Management's policy is to provide for balances based on past default experience, current economic conditions and expected recovery.

The impairment requirements of IFRS 9 are based on an Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities.

The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL's for trade receivables as at the year end.

	2021		
	Gross Carrying Amount	Weighted Average Loss Rate	Lifetime ECL Allowance
Aging			
Current	19,986,408	0.76	1,106,881
31-60 days	2,412,231	0.09	1,148,600
61-90 days	1,670,056	0.06	1,654,146
91 days and over	2,305,745	0.09	2,305,745
Total	26,374,440		6,215,372

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

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31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management (cont'd):

(i) Credit risk (cont'd):

Trade receivables (cont'd)

		2020 Weighted Average Loss Rate	Lifetime ECL Allowance
Aging	Gross Carrying Amount		
Current	18,948,181	0.56	1,206,591
31-60 days	2,272,289	0.07	864,899
61-90 days	1,287,189	0.04	969,890
91 days and over	11,146,776	0.33	3,871,981
Total	33,654,435		6,913,361

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount \$	Contractual cash flow \$	Less than 1 year \$	More than 1 year \$
June 30, 2021:				
Lease liabilities	882,787,739	1,316,904,341	153,653,272	1,163,251,069
Trade and other payables	577,516,884	577,516,884	577,516,884	-
Bank loans payable	186,319,676	217,354,987	55,800,007	161,554,980
	1,646,624,299	2,111,776,212	786,970,163	1,324,806,049
June 30, 2020:				
Lease liabilities	920,213,415	1,393,440,405	184,912,360	1,208,528,045
Trade and other payables	512,723,239	512,723,239	512,723,239	-
Bank loans payable	222,726,498	271,240,167	72,870,245	198,369,922
	1,655,663,152	2,177,403,811	770,505,844	1,406,897,967

(iii) Market risk

Market risks is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

FONTANA LIMITED

Notes to The Financial Statements

YEAR ENDED JUNE 30, 2021

(Expressed in Jamaican dollars unless otherwise stated)

31. FINANCIAL INSTRUMENTS (CONT'D)

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(a) Financial risk management (cont'd):

(iii) Market risk (cont'd):

The Company contracts material financial liabilities at fixed interest rates for the duration of the term. When utilized, bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. At June 30, 2021 and 2020, there were no financial liabilities subject to variable interest rate risk. Interest-bearing financial assets comprises of bank deposits, which have been contracted at fixed interest rates for the duration of their terms.

Fair value sensitivity analysis for fixed rate instruments

The Company does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss. Therefore, a change in interest rates at the reporting dates would not affect profit or equity.

Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to significant foreign currency risk, primarily on purchases that are denominated in a currency other than the Jamaican dollar. Such exposures comprise the monetary assets and liabilities of the Company that are not denominated in that currency. The main foreign currency risks of the Company are denominated in United States dollars (US\$), which is the principal intervening currency for the Company. The Company jointly manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities. The table below shows the Company's main foreign currency exposure at the reporting date.

	2021			2020		
	US\$	CND\$	GBP\$	US\$	CND\$	GBP\$
Bank and cash	2,553,541	16,552	10,464	1,387,085	23,417	8,558
Trade and other receivables	3,970	-	-	42,671	-	-
Lease liabilities	(5,425,824)			(4,777,977)		
Bank loan payables	-	-	-	(75,547)	-	-
Trade and other payables	(653,918)	(14,802)	-	(418,368)	(64,005)	-
Net exposure	(3,522,231)	1,750	10,464	(3,842,136)	(40,588)	8,558

Sensitivity analysis:

A strengthening of 200 (2020: 200) basis points of the Jamaica dollar against the currencies indicated above at June 30 would have increased the Company's profit by \$10,288,931 (2020: \$10,081,181). A weakening of 600 (2020: 600) basis points of the Jamaica dollar against the currencies indicated above at June 30 would have decreased the Company's profit by \$30,866,794 (2020: \$30,243,543). This analysis assumes that all other variables, in particular interest rates, remain constant.

(iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(b) Capital management

The Company's objectives when managing capital are to comply with capital requirements, safeguard the Company's ability to continue as a going concern and to maintain strong capital base to support the development of its business. The Company achieves this by retaining earnings from past profits and by managing the returns on borrowed funds to protect against losses on its core business.



Manchester Shopping Centre
Mandeville, Manchester

FORM OF Proxy

I/We _____ of _____
in the Parish of _____ being member/members of the above named
company hereby appoint _____
of _____ or failing him/her _____ of _____
as my/our proxy to vote for me/us and on my/our behalf at the Annual General
Meeting of the Company to be held at a **Grand-A-View Restaurant and Event Place, 7 The Queens Drive, Montego Bay, St. James** on **Wednesday, January 19, 2022 at 11:00 a.m** and at any adjournment thereof.

RESOLUTIONS

FOR

AGAINST

Resolution No. 1	Adoption of Directors and Auditors Report, Financial Statement for year ended June 30, 2021		
Resolution No. 2	Election of Director retiring by rotation - Kevin O'Brien Chang		
Resolution No. 3	Election of Directors retiring by rotation - Jacqueline Sharp		
Resolution No. 4	Election of Directors retiring by rotation - Heather Goldson		
Resolution No. 5	Ratify interim Dividends paid on June 28, 2021		
Resolution No. 6	Remuneration of Directors		
Resolution No. 7	To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors		

Signed this _____ day of _____ 20_____

Signature _____

NOTES:

1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. The proxy form should bear stamp duty of One Hundred dollars (\$100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the proxy form.

REGISTRAR AND TRANSFER AGENTS
Jamaica Central Securities Depository Limited
40 Harbour Street, Kingston

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Notes

Notes



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